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MEETING ON THE PROBLEMS OF REGIONAL
INTEGRATION OF THE ECONOMICALLY RELATIVELY
LESS DEVELOPED COUNTRIES

Organized by the Economic Commission
for Latin America

Guatemala City, 23-28 October 1967

NOTE ON INTERNATIONAL CO-OPERATION IN THE DEVELOPMENT
OF SMALL-SCALE INDUSTRY IN LATIN AMERICA

Annex

International agencies consulted:

Organization of American States (OAS), United Nations Educational, Scientific,
and Cultural Organization (UNESCO), Inter-American Development Bank (IDB) and
International Labour Organisation (ILO)

Explanatory Note

The Seminar on Small-Scale Industry in Latin America, held at Quito at the end of 1966, agreed to request the Economic Commission for Latin America and the United Nations Centre for Industrial Development to make a study of the nature and operation of a regional centre or organization for the development of small-scale industry. The study was to be carried out "in co-operation with the Inter-American Development Bank, the International Labour Organisation, the United Nations Educational, Scientific and Cultural Organization and the Organization of American States". To implement these recommendations, the Economic Commission for Latin America and the United Nations Industrial Development Organization drafted a Note on international co-operation in the development of small-scale industry in Latin America, suggesting various forms of international co-operation designed to assist in the establishment of the proposed regional organization for the promotion and development of small-scale industry.

On September 6, the ECLA secretariat sent the document entitled Note on international co-operation in the development of small-scale industry in Latin America to the above mentioned organizations, requesting their views, suggestions and comments on this document, with special reference to the actual proposal to establish an organization to promote the development of small-scale industry, and the possibility of their participating or collaborating in the establishment and operation of such an institution.

Replies from the organizations consulted are reproduced below. Also included in the present annex is resolution N° 8, on the "establishment of a regional centre for the development of small-scale industry", adopted at the Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, held in Guatemala City from 23 to 28 October 1967.

/Organization of

Organization of American States

Sir,

In the absence of the Secretary-General, I have pleasure in acknowledging your letter of 6 September informing us of the proposal to establish a regional organization for the development of small-scale industry. In compliance with your request for comments and suggestions on the document attached to the letter and on the possibilities of this Organization's collaborating in the activities of the new agency, I should like to mention the following points.

In principle, we feel that a co-ordinated effort to tackle the problems of Latin American small-scale industry as a whole would make an effective contribution to their solution.

We endorse the view that small industrial establishments must be afforded an opportunity to avail themselves of internal and external incentives and credit resources granted by national authorities to industry in general, as well as of the technical assistance and training facilities placed at the disposal of industrialists by national and regional institutions, which draw not only upon their own resources but also on those of international organizations. Small-scale industry does not benefit sufficiently by these facilities, mainly because of the difficulty of obtaining access to the necessary information, and the inexperience on the part of the entrepreneurs concerned. We also agree as to the need for greater advantage to be taken of sub-contracting possibilities, and for the development of industrial estates.

In our opinion, the resources of the proposed centre would be efficiently utilized if special emphasis were placed on tackling such problems as that of unemployment. This might be done by giving priority to those small-scale industries that directly or indirectly help to promote increased use of manpower, as, for example, the food processing, beverages and wooden furniture industries, which are conducive to fuller employment in the agricultural and forestry sectors; or to those whose own transforming process is labour-intensive, as, for instance, the clothing and footwear industries, and one or two others.

/Existing activities

Existing activities of this Organization which have bearing on the work of the agency include the following:

1. A direct technical assistance programme, providing the services of experts on a short-term basis, in fields of specialization influencing the economic and social development of the States members.
2. The technical assistance programme, of an OAS Special Fund (Fondo Especial de Asistencia para el Desarrollo), for co-operation in planning activities and formulation of specific projects in individual countries.
3. A special training programme, organized on the basis of intensive practical courses for scientists, professionals and technicians in member countries, with a view to the needs of economic and social development. Countries outside the region co-operate in this programme.
4. A technical co-operation programme, designed to further economic and social development through technical training at advanced levels. For the purposes of this programme, study centres have been established in member countries in the fields of advanced training, research and technology.
5. The regular fellowships programme.
6. A programme of integrated technical co-operation projects, through which countries members of the Development Assistance Committee (DAC) of OECD extend technical collaboration. Under this programme technical and advisory assistance and training facilities are provided in various fields, including that of industrial development.

Once the terms of reference of the new institution have been defined, this Organization will consider the possibility of offering the fullest support that its resources permit, through the co-ordination of its own information, technical assistance and training programmes and services with the programmes of the new centre. The activities of the proposed centre could also be co-ordinated with the work programmes of those departments of the OAS Secretariat whose activities are related to the problems of small-scale industry.

Accept, Sir, the assurances of my highest consideration.

William Sanders
Deputy Secretary-General

/United Nations

United Nations Educational, Scientific and Cultural Organization

Mr. Executive Secretary:

I am instructed by the Director-General to acknowledge with thanks receipt of your letter of 1 September 1967 forwarding a note on international co-operation in the development of small-scale industry in Latin America, as well as the report of the Seminar on Small-Scale Industry in Latin America held in Quito in 1966.

These papers have been studied with great interest by the competent services of the Secretariat. We believe that the above-mentioned Seminar dealt with one of the most pressing requirements of the Latin American Region and indeed the developing countries in general, and that the importance of developing small-scale industry in these areas of the world cannot be too strongly emphasized.

You have requested our views on the proposed establishment of a special body to deal specifically with the development of small-scale industry in Latin America. If the Agencies most directly concerned favour the setting up of an organization as proposed, we would be glad to co-operate with it. We welcome the references in paragraph 31 of the report to the economic and social role of small-scale industry. It can play an important part in reducing regional disparities, particularly if set up in rural areas where it provides employment outlets for school leavers and adults trained through functional literacy programmes.

Further, it provides an opportunity for the introduction of intermediate technology related to the economic and social environment, following a recommendation of the Unesco Conference on the Application of Science and Technology to the Development of Latin America held in co-operation with ECLA in 1965. The recommendation pointed out that "small foreign and domestic markets make it difficult for most countries of the region to take advantage of the benefits of large-scale industry". Stress was also placed upon the need for industrial decentralization. The selection of the best techniques for small-scale industries and their

/adaptation to

adaptation to local conditions would of course call for the spread of applied science and technology and increase of efforts to raise the scientific and technological infrastructure of Latin America - a problem of special interest to Unesco.

Regardless of the form that the proposed body would eventually take, Unesco might extend to it its co-operation in the research and training fields. As far as research is concerned, Unesco could assist in the setting-up of research institutes and the carrying out of studies to ascertain the nature and potential of local resources. In the teaching and training field, courses for technicians and engineers could be organized over both short and long periods. The suggestion to establish four-month courses for "entrepreneurs" seems a good one and should be encouraged. A one-month course might also be found useful, and as Unesco is already organizing one-month courses at the Turin Centre for engineers (although of course in a different field), it might be possible to collaborate in the organization of suitable courses at the Turin Centre.

I hope you will find the above suggestions useful, and am looking forward to hearing from you further on this subject.

Yours sincerely,

Antonio de Silva
Acting Director
Bureau of Relations with
International Organizations and Programmes

/Inter-American Development

Inter-American Development Bank

Mr. Executive Secretary,

I have pleasure in acknowledging your note of 6 September, addressed to the President of the Bank, in which you state that you are submitting for our consideration the document entitled Note on international co-operation in the development of small-scale industry in Latin America, prepared by the Economic Commission for Latin America and the United Nations Industrial Development Organization in compliance with a request formulated at the Seminar on Small-Scale Industry in Latin America, held at Quito towards the end of last year.

We are aware that the co-operation of the Inter-American Development Bank and of other international agencies has been requested in this connexion, and we note with satisfaction that the general principles drawn up by ECLA for the establishment of an agency for the development of small-scale industry in Latin America are in line with the recommendations of the aforesaid Seminar.

Since this subject is one of the items on the agenda for the Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, which is to open at Guatemala City on 23 October next, we deem it advisable to await the recommendations emanating from the Meeting in question before formulating our comments and suggestions with respect to the organization of an agency of this type, and the possibilities of IDB's participating or co-operating in its establishment and operation.

Yours sincerely,

José C. Cárdenas
Adviser on Integration

/International Labour

International Labour Office

Mr. Executive Secretary:

Thank you for your letter dated 1 September 1967 concerning a proposal to create a regional centre or organization for the development of small-scale industry in Latin America.

This proposal is being studied with great interest by the various departments of the ILO with programmes in the small industry sector. In view of the importance of such a project, we wish to comment at some length on the Note which you have prepared in conjunction with UNIDO for circulation to Governments and for submission to a Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, to be held in Guatemala from 23 to 28 October 1967.

These comments will be forwarded to you not later than 5 October, and we should be grateful if you would distribute them in the form of an annex to the Note, as you have suggested.

Yours sincerely,

For the Director General:
Alfonso Crespo
Chief of the International
Organizations Branch

/INTERNATIONAL CO-OPERATION

INTERNATIONAL CO-OPERATION IN THE DEVELOPMENT OF
SMALL-SCALE INDUSTRY IN LATIN AMERICA

Introduction

1. The International Labour Office welcomes the proposal to create a regional agency or institute for small-scale industry in Latin America, and will be glad to make available its world-wide experience in this field in the implementation of such a project. It will comment in depth, and make concrete suggestions as to the particular forms the ILO contribution might take, once the basic conception has been approved by the governments concerned and detailed plans have been formulated. This present note will confine itself to some general observations on the papers under review ^{1/} and on the general issues involved. Paragraphs 2-7 deal with question of the definition and scope of the small-scale industry sector; paragraphs 8-10 with the characteristics of small industrial enterprises; and paragraphs 11-14 with a suggested research and training programme for a regional institute.

Definition of small-scale industry

2. There seems to be some uncertainty about what exactly is covered by the term "small-scale industry". At times it is used as a generic term to describe all manufacturing activities which take place in small establishments. On other occasions it is defined more narrowly to mean small factory-type enterprises, using up-to-date methods and machinery, and excludes manufacturing activities which are carried out within the home (cottage or household industry) or in small workshops (artisan industry). While agreeing that some distinction needs to be made between the various kinds of enterprises in the sector, which is far from homogeneous, there might be less confusion if the first, broader meaning were maintained throughout, i.e. small-scale industry is the portmanteau term given to all kinds and types of manufacturing establishments (ISIC 2-3) which are relatively small in their scale of operation.

^{1/} "Note on International Co-operation in the Development of Small-Scale Industry in Latin America" ECLA and UNIDO August 1967 and "Report of the Seminar on Small-Scale Industry in Latin America" ECLA 11 April 1967.

3. Within the total small-scale industry sector further distinctions can be made, for example, by kind of work place - factory, workshop and cottage; by type of technology employed - handicrafts, labour-intensive, traditional, modern, mechanised and capital-intensive; by manufacturing process - made-to-order, batch, mass or flow production; by form of ownership - private business, partnership, limited company co-operative and state enterprise; and by branch of industry - food, leather, engineering, etc.

4. This is not merely a question of semantics. Three main arguments can be advanced to support this interpretation:

(a) The various sub-categories indicated above are not water-tight compartments which can be easily separated in census statistics. In practice there is a good deal of over-lapping between the different categories. Artisan workshops, for example, are not synonymous with traditional techniques, low capital-intensity and low labour productivity. Some up-to-date, high productivity operations are now commonly practised in small specialist workshops (e.g. re-grinding of crank shafts in the automobile repair sector) and even household enterprises can be part of modern industry (e.g. manufacture and assembly of watch parts). Handicrafts may be the products of individual craftsmanship with high aesthetic appeal, or only mundane articles which are made by hand because of a lack of capital to introduce more efficient processes. Similarly, factory production cannot necessarily be equated with the latest techniques or management methods. It has been noted that in Latin America - "Productivity also varies widely in factory activities. Side by side with up-to-date plants modelled on European and U.S. methods of production and organization there are medium and small-scale establishments which from the standpoint of organization and level of efficiency have remained unchanged in all the years they have been in operation. In Chile, for example, there are differences of 7 to 1 in output per man/year in cotton weaving and 3.2 to 1 in wool."^{2/}

^{2/} "Structural Changes in Employment within the Context of Latin American Economic Development". The Economic Bulletin for Latin America, October 1965, page 180.

(b) A small-scale industry development programme can have several objectives - creation of employment opportunities, provision of complementary products and services for large-scale industry and other sectors of the economy, a more balanced distribution of wealth between urban and rural areas, improvement of working conditions and earnings in traditional occupations, development of an entrepreneurial and managerial class etc. The whole sector can contribute to these objectives. It would be a mistake of policy and of fact to concentrate attention solely on modern factory enterprises and to leave out of consideration the cottage and artisan establishments which, indeed, may have a more important role to play in achieving the employment and social goals of development policy.

(c) It is probable that the household, artisan and "backward" small factory segments have the greatest need for and the most to gain from, the development aid provided by government institutions. On the other hand, the small factories employing advanced technologies and run by aggressive, independent entrepreneurs are the least likely to lean on outside help.

5. If it is accepted that all small industrial enterprises, from the one-man business upwards, should be taken into reckoning as part of the small industry sector, there is still the problem of determining the cut-off point beyond which enterprises become medium or large in size. The Quito seminar does not seem to have reached any firm conclusions on this point. Various criteria are put forward for determining relative size scales, value added, number of employees and capital invested, but no demarcation line is suggested. Yet some figures are quoted for the whole region which must be based upon a specific, quantitative criterion, arbitrary though this can only be.

6. These figures confirm that an unduly narrow perspective has been taken. Small-scale industry is said to have employed one-and-a-half million persons in the whole region in 1960, or 16 per cent, of total industrial employment. These data appear to refer only to factory establishments with less than 100 workers. If the artisan and cottage industry workers were added, the total would be raised to over 6 million

/persons engaged

persons engaged in small manufacturing establishments out of less than 9.8 million in manufacturing industry as a whole.^{3/}

7. The number of workers per establishment is the most convenient yardstick, if only because this is recorded in all censuses and is likely to be more reliable than that for capital investment and value of turnover. The number of 100 workers can also be defended as an acceptable dividing line between small and medium enterprises because it is linked with an important qualitative aspect of small firms, viz. the absence of specialization in management. The typical family enterprise with fewer than 100 workers in developing countries is generally run by a single entrepreneur/manager, supplemented by one or two shop floor supervisors and an accountant on the office side.

Characteristics of small-scale industry

8. Considerable space is devoted to a description of the characteristics of small enterprises. The picture presented is almost entirely negative. Small firms in general are alleged to suffer from some or all of the following defects: shortage of finance; raw material supply difficulties; poor marketing; insufficient experience among entrepreneurs; use of unsuitable techniques; under-utilization of equipment; lack of costing information; inflexibility; shortage of skilled manpower; lack of enterprise; low productivity, wages and profits, high costs; capital depletion; high interest rates on capital; absence of technical assistance facilities; high prices of machinery; low quality of products and unreliable management methods.

9. Several objections can be made to this one-sided catalogue of deficiencies:

(a) These sweeping generalizations are inaccurate when applied to a sector which contains such diverse types of enterprises. There are many small businesses in Latin America which would rate highly against the strictest standards, measures in terms of productivity, profitability, product quality, entrepreneurial ability, operative skills or the level

^{3/} Op.cit., table 2 - p.166. The artisan sector is defined in this report as covering establishments with five or less persons engaged.

of applied technology. Indeed, the figures quoted do not support the analysis, even for the average small enterprise. If it is true that small-scale industry, as defined in the note 1 is responsible for 16 per cent of total industrial employment and 16 per cent of total manufacturing output (page 2), the average productivity per worker in small firms is at the same level as in medium and large-scale industry in the region, which would imply that there cannot be undue differences between them in other respects.

(b) Much of the criticism is based on international and intersectoral comparisons which are either irrelevant or unhelpful. Certain manufacturing techniques might be "unsuitable" for the particular circumstances of the United States, but they may be better adapted to the prevailing economic and social environments in some Latin American countries than are technologies which have been developed for the very different factor endowments of the advanced countries. Similarly, some sophisticated management methods which are prerequisites of efficient operation in large firms are unnecessary in small business, where control can be exercised through the personal supervision of the owner/manager.

(c) The strategy adopted by some small-scale industry protagonists, of exaggerating the problems and weaknesses of the sector in the hope of drawing attention to its needs, may be ultimately self-defeating. It may succeed in persuading governments that they would be wiser to concentrate their development efforts elsewhere. This tactical error is evident in these documents. After a long list of alleged defects of the sector it is stated that "in spite of the dynamic role which small-scale industry could play in industrialization and in general economic development, no special development strategy has so far been drawn up for this sector in Latin America... Measures have tended more to protect small-scale industry rather than to encourage it to modernize" (Note P5).^{4/} If the picture really were as gloomy as it is painted, and small firms did suffer from such inherent defects, then this official reaction would not be surprising. Certainly, the evidence presented in these papers does nothing to support the case for small-scale industry playing "a dynamic role".

^{4/} Op.cit.

10. In our view, a much more positive approach to small-scale industry could be adopted. This is not simply a matter of showing the sector in the best light, but rather of greater factual accuracy and balance in the presentation of the situation which actually exists, and stress on the most relevant factors in the present circumstances of Latin America. What are these positive aspects of small-scale industry which might be brought out? They may include the following:

(a) The fact, illustrated in several industrial census reports for individual countries within the region, that small firms achieve a higher capital productivity (output/capital ratio) than do large enterprises. This is particularly pertinent in an area where capital scarcity is still a major constraint on growth.

(b) The important job-providing function of small-scale industry. This is not only because, de facto, small establishments employ more than 60 per cent of industrial workers in the region but also because they tend to need less capital per work place than large-scale industry. With the pronounced migration of the population towards the cities which characterizes much of Latin America, greater emphasis will need to be placed upon this role if the social and political consequences of massive unemployment are to be avoided.

(c) The fact that small firms can be run by owner-managers with a combination of innate entrepreneurial ability (McLelland's achievement motivation) and technical know-how acquired on the job, means that they economize on specialist managerial and administrative personnel. Such personnel are necessary in large complex organizations but they are expensive to educate and train and are badly needed in other sectors, particularly within government.

(d) The fact that a self-reliant, innovating entrepreneurial group can contribute to the formation of a stable social structure, while at the same time acting as the agents of progressive change in society. The fostering of a significant small-scale entrepreneurial class will help to diffuse economic and technical change more widely throughout the community and break down the rigid "dual structure" of many Latin American societies (reflected in the heavy concentration of wealth among the top 10 per cent).

/(e) Small

(e) Small units processing local raw materials and satisfying local markets can be viable in the smaller towns and even villages in the provinces (as long as they are not subject to unfair competition from large, city-based plants receiving subsidies in the form of low interest rates on borrowed capital, priority supplies of scarce imported materials, favourable exchange rates etc.). Thus they can lead to a healthier, more harmonious development between the major cities on the one hand and the provincial areas on the other. The widening gap between average income levels in the modern urban sector and the traditional rural occupations is perhaps the most disquieting feature of the economic development which has occurred in the region. This trend can only be reversed by a determined drive leading to a substantial rise in productivity and incomes of those engaged in the subsistence sectors.

Functions of a Regional Small-Scale Industry Institute

11. The above remarks are some general points that might be incorporated in a background paper supporting the creation of a regional research and training institute for small-scale industry. In what areas of activity should such an organization concentrate its efforts in order to complement the work of national bodies in this field?^{6/} In the experience of the ILO the following merit particular attention:

A. Research

- (i) The development, adaptation and selection of technologies more appropriate to the prevailing conditions in the countries concerned. Much lip-service has been given to the desirability of such research, but until now very few practical programmes have been financed. The range of products and processes for small-scale industry is far too wide for the whole field to be covered. But, one or two specific industries could be taken as pilot projects so that positive results could have a demonstration effect, encouraging other organizations to undertake similar programmes.

^{6/} More specialist institutions devoted to small-scale industry are desirable within individual countries of Latin America. A regional institute should not be regarded as a substitute for action at the national level.

- (ii) Economic research into the impact on small firms of government policy in such fields as pricing, factory and social legislation, interest rates on capital, minimum wage fixing, tax concession for foreign manufacturers to set up production units, foreign exchange rates and control procedures, licences for buildings and imported machinery, subsidies on basic consumer goods etc. The impediments to the growth and modernization of small-scale industry are often found to be rooted in unconscious policy discrimination against the sector, rather than attributable to inherent defects of small-scale operations or shortcomings of the persons engaged within them. The problem is how to create the policy framework and economic climate conducive to their expansion.
- (iii) Research into what kinds of services and facilities to offer to small-scale entrepreneurs and how best to provide them. Despite the world-wide programmes that have been conducted in this field there are still a lot of answers to be obtained on such questions as the optimum length of institutional training courses; the costs and benefits derived from in-plant advisory services; the extent to which training should be conducted by specialists drawn from the same industries as the trainees or by generalists versed in management techniques; the influence of plant size and branch of activity on the functions of management; the scope for newly developed communications techniques such as programme learning and advanced visual aids; the combination of technical and managerial expertise required of successful managers of small firms; whether on-the-job apprenticeship is out-moded or has still an important part to play in technical skill formation; how can the general public education and vocational training systems be better adapted to the needs of small firms; how far should entrepreneurs be encouraged to set up joint training schemes on an industry-wide basis through trade associations; how best to overcome the frequently encountered problem of attracting adequately qualified personnel into government service to act as instructors and extension service staff etc.

/(iv) Research

- (iv) Research into the whole range of problems related to the setting-up and encouragement of small manufacturing enterprises in rural areas within the framework of an integrated rural development policy. Such studies would have economic, social, technical and institutional (e.g. the role of co-operatives) dimensions. Artisan and cottage industry would feature prominently in such investigations, which should be accorded high priority if some workable solutions for rural poverty and under-employment are to be found.
- (v) Research into special manpower questions of the small-scale industry sector within the context of over-all national manpower planning and organization. Such research is especially opportune now that Latin American governments are arranging, through the implementation of the Ottawa Plan (adopted at the 8th Regional Conference of American State Members of the International Labour Organisation), for a regional approach to human resource development.

B. Training

12. The proposal to confine training to officials concerned with the various aspects of planning, financing and implementing development programmes for the sector is obviously a sound one. In this way, overlapping with other national agencies would be avoided and the fullest use made of the international expertise available. In general, rather less emphasis might be placed on macro-economic planning techniques, which fall within the province of the central planning authorities and for which other training media exist, and more emphasis put on the down-to-earth problems encountered within the classroom and on the factory floor when training or advising small-scale industry personnel.

13. There is always a danger with these regional institutions, which do not report to any single government authority and are not on call to any immediate group of industrialists, that they become divorced from reality and exist in an "ivory tower" world of their own. This can be avoided if both research and training activities are kept face to face with the situation which actually exists in the various countries of the region.

/Research and

Research and training staff should have ample opportunities to conduct field investigations, and such assignments should be included in the course curricula for students. Real-life case studies, drawn from the region, should be an essential part of the course material and research documentation. Frequent use should be made of seminars, training workshops and study tours as well as longer period courses, for the dissemination of knowledge. Close collaboration should be established with other organizations, public and private, conducting training programmes in the sector in order to draw upon their accumulated know-how and exchange experience.

14. Finally, a brief word on the professional background of the staff. In addition to the generalists listed - economists, engineers and general management experts - some persons with a specialist training and working experience within specific industries would be required. They would need to be conversant with the technologies employed and able to talk the particular language of the technicians, shop floor workers and proprietors in these industries. Of course, all branches of small-scale industry could not be covered. But in certain programmes, e.g. technological research and technical skill upbrading, it is better to deal with one or two industries in depth rather than to skim over all superficially. Similarly, on the management side, specialization in marketing (home and export) and cost accounting and bookkeeping would be particularly advantageous.

Resolution Nº 8, adopted at the Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, held at Guatemala City from 23 to 28 October 1967

8. ESTABLISHMENT OF A REGIONAL CENTRE FOR THE
DEVELOPMENT OF SMALL-SCALE INDUSTRY

The Meeting on the Problems of Regional Integration of the Economically
Relatively Less Developed Countries

Considering:

(a) That the Seminar on Small-Scale Industry in Latin America, organized by the United Nations and held in the city of Quito at the end of 1966, broached the need to establish an agency for the development of small-scale industry,

(b) That it is essential to raise the technological level and encourage increased investment by, inter alia, intensifying activities in the field of small-scale industry in the economically relatively less developed countries,

(c) That there are already in existence institutions such as the Central American Research Institute for Industry (ICAITI), which provide technical services for small-scale industry in Central America and which should be strengthened and expanded in order to attain the objectives referred to in the preceding paragraph,

Decides:

1. To request ECLA and the United Nations Industrial Development Organization (UNIDO) to take the necessary steps to prepare and present to the United Nations Development Programme (Special Fund) a project for the establishment of a regional centre to promote the development of small-scale industry, along the lines suggested at the Quito Seminar;

2. To request ECLA and UNIDO to enlist the co-operation of international and regional agencies and of the industrialized countries concerned in the prompt implementation of this project;

/3. To

3. To recommend that the centre should have its headquarters in the city of Quito, Ecuador, and should co-operate closely with the Central American Research Institute for Industry and help it to broaden its scope so that it may be able to serve the Central American and Caribbean countries and other countries wishing to be associated with the Institute;

4. To recommend to the organizations referred to in paragraph 1 above that they prepare the relevant studies with due regard to the additional resources required to broaden ICAITI's work programme in the field of small-scale industry.

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